

**FOR COUNTY USE ONLY**

County of San Bernardino

F A S**STANDARD CONTRACT**

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	Vendor Code	SC	Dept.	A	Contract Number	
County Department Arrowhead Regional Medical Center			Dept.	Orgn.	Contractor's License No.	
County Department Contract Representative Mark H. Uffer, Director			Telephone 580-6150		Total Contract Amount \$1,112,919	
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input checked="" type="checkbox"/> Unencumbered <input type="checkbox"/> Other:						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date 8/1/03		Contract End Date 6/30/06		Original Amount
Fund EAD	Dept. MCR	Organization MCR	Appr. 200	Obj/Rev Source 2445	GRC/PROJ/JOB No.	Amount \$1,112,919
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Project Name 'Just in Time'			Estimated Payment Total by Fiscal Year			
			FY	Amount	I/D	
Logistics Program			03/04	\$333,000		
			04/05	\$369,630		
Contract Type – 2(b)			05/06	\$410,289		

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter called the County, and

Name

Professional Hospital SupplyHereinafter called Contractor

Address

41980 Winchester RoadTemecula, CA 92590

Telephone

(909) 296-2600

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

This Agreement is made and entered into by and among the County of San Bernardino, hereinafter referred to as "County", on behalf of the Arrowhead Regional Medical Center, hereinafter referred to as "Medical Center," and Professional Hospital Supply, hereinafter referred to as "Contractor."

WITNESSETH

WHEREAS, Medical Center requires assistance in conducting a 'Just in Time' prime vendor logistics program, defined as the delivery of medical and non-medical supplies from a primary source; and

WHEREAS, Contractor is a leading medical and non-medical supply corporation specializing in a "Just in Time" medical and non-medical supply program;

NOW THEREFORE, the parties hereto enter into this Agreement as a full statement of their respective responsibilities during the term of this Agreement, and in consideration of the representations made above and the covenants and conditions set forth herein, the parties agree as follows:

I. Obligations of Contractor:

1. Contractor shall provide appropriate personnel to the Medical Center to perform contracted services, including but not limited to:
 - a. One dedicated sales consultant to be available on-site four to six (4-6) hours per day two (2) days per week;
 - b. One (1) on site Supervisor;
 - c. One (1) one site Assistant Supervisor;
 - d. Ten (10) full time equivalent (FTE) JIT Technicians.
2. Contractor shall be responsible for all salaries and labor related expenses for all personnel.
3. Contractor shall ensure that all personnel abide by all behavioral, dress code and other policies of the Medical Center, including a pre-employment background check and a drug screen with verification of results.
4. Contractor shall assume overall responsibility of JIT program at the Medical Center throughout the process seven (7) days a week, three hundred, sixty-five (365) days a year, including requests for urgent-special deliveries within a four (4) hour time period.
5. Contractor shall supply the Medical Center, and affiliated clinics, on a direct basis with a tote bin system. Contractor shall utilize durable, side-handled, interlocking lid, plastic tote bins for delivery of its low unit of measure product to a given facility. These bins shall be stackable and palletized for delivery and can be nested when emptied for return to Contractor. All tote bins shall be free of dirt and dust to protect supplies. Contractor shall clean all totes and delivery system before each delivery. The totes shall be clearly identified for the specific delivery location by an ID tag secured to the outside of the container.
6. Contractor shall furnish deliveries to the Medical Center prior to 5:00 AM on a daily basis, including weekends and holidays. All deliveries shall be FOB destination. Delivery changes and insurance risks will be the sole responsibility of the Contractor. Contractor's trucks or common carriers shall make all regular deliveries. Contractor shall exercise all practical means available to notify the Medical Center as soon as possible of non-availability of an ordered item upon receipt of the order.
7. Contractor shall stock any product as requested by the Medical Center. In adherence to the Medical Center's mandate of not being liable for any remaining vendor stock at the end of the contract term, Contractor shall strictly adhere to the established par levels and Medical Center will not be held liable for back orders in excess of these par levels. It will be acknowledged that all custom manufactured/assembled products ordered exclusively for the Medical Center and held by Contractor shall be the responsibility of the Medical Center at the end of the contract period.
8. Contractor shall provide to the Medical Center semi-monthly both a consolidated and comprehensive invoice including: identification of the Department; appropriate product expense code numbers; appropriate product identification numbers; descriptions, units of measure, unit purchase price and total units purchased. Additionally, Contractor shall provide to the Medical Center a contract price report, ABC analysis report (County's 80/20 high volume report), report with price changes, physical inventory on-hand, and monthly backorder report.
9. Contractor shall invoice the Medical Center on a monthly basis for administrative services provided pursuant to this Agreement. Costs for services for FY 2003/04 will be \$27,750 per month or \$333,000 annually. Cost for services for FY 2004/05 will be \$30,802.50 per month or \$369,630 annually, and \$34,190.75 per month or \$410,289 annually for FY 2005/06.
10. Contractor shall provide the Medical Center with thirty (30) days written notice of price changes, and will not substitute any product without prior approval from the Medical Center's Material Management Manager. Contractor will work with the Medical Center to develop an acceptable alternate source listing.

In the event Contractor is unable to supply a contract item ordered or an acceptable equivalent due to the fault of the Contractor, Contractor will reimburse the Medical Center the difference between the contract cost and the account acquisition cost, provided usage information was given, that an amount not exceeding 150% of the previous month's purchases was ordered, and the Medical Center supplies documentation of the transaction. These charges should be specific to the situation.

11. Contractor shall participate in the integration of the JIT program to the Medical Center's hospital information system (MEDITECH).
12. Contractor shall provide for and participate in Medical Center programs including, but not limited to, Manufacture Safety Data Sheet (MSDS) acquisitions and performance improvement activities.
13. Contractor shall maintain dedicated inventory levels of products at a 95% or higher fill rate, in Contractor's warehouse for the Medical Center, with at least a 30-day supply for stock products.
14. Contractor shall use a first-in-first-out (FIFO) system for the rotation of stock product in Contractor's warehouse to the Medical Center. Contractor will specifically trace all custom assembled sterile product by lot numbers further utilizing the FIFO system.
15. Contractor shall assist the Medical Center with problems concerning errors, returns and/or credits with supplies and with product recall notices and alerts.
16. In the event of an emergency, whether a natural or man-made situation, Contractor shall be prepared to take immediate and varied actions to support the supply needs of the Medical Center. Contractor shall submit to the Medical Center a copy of its current disaster plan, which shall be subject to the approval of the Medical Center's Materials Manager.
17. Contractor will reimburse the Medical Center two dollars and fifty cents (\$2.50) per square foot of provided office space, which is the fair market value. Office space to be occupied by the Contractor is 100 square feet. This amount will be reimbursed to the Medical Center on a yearly basis for a total of \$250 per fiscal year.

II. Obligations of Medical Center:

1. The Medical Center shall pay all invoices within 30 days of the date on the invoice at mutually agreed upon rates as set forth in Section I. 9 above. This includes reimbursement for personnel and administrative services.
2. The Medical Center shall pay for all supplies provided by Contractor as a result of this JIT Agreement via a separate Purchase Order as furnished by the County.
3. The Medical Center shall reimburse Contractor at a mutually agreed upon rate for any lost or damaged totes owned by Contractor.
4. The Medical Center shall furnish and maintain an approved products and substitution list to Contractor.
5. The Medical Center shall establish PAR Levels for supplies, which Contractor shall be responsible for maintaining.

III. Indemnification:

1. Contractor agrees to indemnify, defend and hold harmless County from and against any and all claims, losses, liability, costs, expenses, or judgments for or in connection with injury or damage (including, but not limited to, death) to any person or property to the extent that such injury or damage results from or is connected with the performance or failure to perform obligations hereunder by Contractor, its officers, partners, employees or agents. The foregoing indemnity and hold harmless obligations of Contractor include and apply without limitation to injury or damage to County, County indemnities, patients, third parties, or any or all of them and their respective property, officers, partners, employees or agents.

2. County agrees to indemnify and hold harmless Contractor and its officers, partners, employees, or agents from and against any and all claims, losses, damages, liability, costs, expenses or judgments for or in connection with injury or damage (including, but not limited to, death) to any person or property to the extent that such injury or damage results from or is connected with the performance or failure to perform obligations hereunder by County. The foregoing indemnity and hold harmless obligations of County include and apply without limitation to injury or damage to Contractor, patients, third parties or any and all of them and their respective property, officers, partners, employees or agents.
3. In the event either party is found to be comparatively at fault for any claim action, loss or damage which results from their respective obligations under this Agreement, that party shall indemnify the other to the extent of its comparative fault.
4. Neither termination of this Agreement nor completion of the acts to be performed under this Agreement shall release either party from its indemnification obligations hereunder as to any claim or cause of action asserted so long as the event upon which such claim of action is predicated shall have occurred prior to the effective date of any such termination or completion.

IV. Insurance:

Without in any way affecting the indemnity herein provided and in addition thereto the Contractor shall secure and maintain throughout this Agreement the following types of insurance with limits as shown:

1. **Workers' Compensation** – A program of Workers' Compensation insurance or a State-approved Self-Insurance Program in an amount or form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits, covering all persons providing services on behalf of the Contractor and all risks to such persons under this Agreement.
2. **Comprehensive General and Automobile Liability Insurance** – This coverage to include contractual coverage and automobile liability coverage for owned, hired and non-owned vehicles. The policy shall have combined single limits for bodily injury and property damage of not less than \$1,000,000.
3. **Errors and Omissions Liability Insurance** – Combined single limits of \$1,000,000 for bodily injury and property damage and \$3,000,000 in the aggregate or
4. **Professional Liability** – Professional liability insurance with limits of at least \$1,000,000 per claim or occurrence.
5. **Additional Named Insured** – All policies, except for Workers' Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the County and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder.
6. **Waiver of Subrogation Rights** – Except for the Errors and Omissions Liability and Professional Liability, Contractor shall require the carriers of the above required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors.
7. **Policies Primary and Non-Contributory** – All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.
8. **Proof of Coverage** – Contractor shall immediately furnish certificates of insurance to the County Department administering the contract evidencing the insurance coverage, including endorsements, above required prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Contractor shall maintain such insurance from the time Contractor commences performance of services hereunder until the completion of such services. Within sixty (60) days of the commencement of this Agreement, the Contractor shall furnish certified copies of the policies and all endorsements.

9. **Insurance Review** – The above insurance requirements are subject to periodic review by the County. The County's Risk Manager is authorized, but not required, to reduce or waive any of the above insurance requirements whenever the Risk Manager determines that any of the above insurances is not available, is unreasonably priced, or is not needed to protect the interest of the County. In addition, if the Risk Manager determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Risk Manager is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.

Any such reduction or waiver for the entire term of the Agreement and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. Contractor agrees to execute any such amendment within thirty (30) days of receipt.

V. **Term of Agreement:**

1. This Agreement shall be effective for three years beginning July 1, 2003 and ending June 30, 2006. This agreement is subject to termination by either party at any time for any reason or no reason upon sixty (60) day's advance written notice (by certified mail) to the other party. The Medical Center Director is authorized to initiate termination on behalf of the County
2. All written notices provided for in this Agreement or which either party desires to give to the other shall be deemed fully given, when made in writing and personally delivered to the other party or deposited in the United States mail, certified with return receipt requested and postage prepaid, and addressed to the other party as follows:

ARROWHEAD REGIONAL MEDICAL CENTER

400 North Pepper Avenue
Colton, CA 92324
Attention: Director, Medical Center

PROFESSIONAL HOSPITAL SUPPLY

41980 Winchester Road
Temecula, CA 92590
Attention: President

VI. **Entire Agreement – Amendments:**

This Agreement constitutes the entire Agreement by and between the parties. This Agreement may be amended at any time by a written agreement signed by both parties. This Agreement supersedes any previous agreements between the parties for the same or similar services.

VII. **Status of Parties:**

1. The parties hereby expressly understand and agree that this Agreement is not intended and shall not be construed to create a relationship of agent, servant, employee, partnership, joint venture, or association between Contractor and County but is rather an Agreement by and between independent contractors.
2. The parties hereby expressly understand and agree that their employees, agents, and independent contractors are not the employees or agents of the other party for any purpose, including, but not limited to, compensation for services, employee welfare and pension benefits, other fringe benefits of employment, or workers' compensation insurance.

VIII. **Assignment:**

Neither party hereto shall assign its rights or obligations pursuant to this Agreement without the express written consent of the other party.

IX. Modification:

No modification, amendment, supplement to or waiver of any provision of this Agreement shall be binding upon the parties unless made in writing and duly signed by all parties.

X. Rules of Construction:

The language in all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either the County or the Contractor. Section headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way limiting or amplifying the provisions hereof. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identifications of the person or persons, firm or firms, corporation or corporations may require.

XI. Governing Law:

This Agreement is made and entered into in the State of California, and shall in all respects be interpreted, enforced and governed by and under the laws of the State of California.

XII. Counterparts:

This Agreement may be executed in counterparts, and all such counterparts together shall constitute the entire Agreement of the parties hereto.

XIII. Severability:

The provisions of this Agreement are specifically made severable. If any clause, provision, right and/or remedy provided herein is unenforceable or inoperative, the remainder of this Agreement shall be enforced as if such clause, provision, right and/or remedy were not contained herein.

XIV. Former County Officials

Contractor agrees to provide or has already provided information on former County of San Bernardino administrative officials (as defined below) who are employed by or represent Contractor. The information provided includes a list of former County administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of Contractor. For purposes of this provision, "county administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Administrative Officer or member of such officer's staff, county department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

If during the course of the administration of this Agreement, County determines that Contractor has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to County, this Agreement may be immediately terminated. If this Agreement is terminated according to this provision, County is entitled to pursue any available legal remedies.

XV. Entire Agreement:

This Agreement contains the final, complete and exclusive Agreement between the parties hereto. Any prior Agreement promises, negotiations or representations relating to the subject matter of this Agreement not expressly set forth herein are of no force or effect. This Agreement is executed without reliance upon any promise, warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Agreement and signs the same of its own free will.

XVI. Attorneys Fees and Costs:

If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly arising from any third party legal action against a party hereto payable under Sections III. Indemnification and IV. Insurance.

XVII. Authorization:

The undersigned individuals represent that they are fully authorized to execute this Agreement on behalf of the named parties.

IN WITNESS whereof, this Agreement has been executed by the parties hereto as of the day and year first written above.

/
/
/
/
/

COUNTY OF SAN BERNARDINO

►
Dennis Hansberger, Chairman, Board of Supervisors

Dated: _____

SIGNED AND CERTIFIED THAT A COPY OF THIS
DOCUMENT HAS BEEN DELIVERED TO THE
CHAIRMAN OF THE BOARD

Clerk of the Board of Supervisors
of the County of San Bernardino.

By _____
Deputy

Professional Hospital Supply
(Print or type name of corporation, company, contractor, etc.)

By: ► _____
(Authorized signature - sign in blue ink)

Name: _____
(Print or type name of person signing contract)

Title: _____
(Print or Type)

Dated: _____

Address: 41980 Winchester Road
Temecula, CA 92590

Approved as to Legal Form

►
County Counsel

Reviewed by Contract Compliance

►

Presented to BOS for Signature

►
Department Head

Auditor/Controller-Recorder Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

Date _____

Date _____

Date _____

Auditor/Controller-Recorder Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By